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(CLASSIFICATION)

CENTRAL INTELLIGENCE AGENCY

# EXECUTIVE MEMORANDUM

## OFFICE OF THE DIRECTOR

NSC REVIEW COMPLETED.

EXECUTIVE MEMORANDUM No. 77

DATE 27 December 1962

MEMORANDUM FOR:

DEPUTY DIRECTOR (PLANS)
DEPUTY DIRECTOR (INTELLIGENCE)
DEPUTY DIRECTOR (RESEARCH)
DEPUTY DIRECTOR (SUPPORT)
COMPTROLLER
INSPECTOR GENERAL
GENERAL COUNSEL
ASSISTANT DIRECTOR
FOR NATIONAL ESTIMATES

Chief EE, DD/P

AD/RR, DD/I

Attachment: Agency prepared Summary of Belgrade Airgram A-543

LBK:rm
1 - Each above
1 - ER (basic) (O/DCI and DDCI saw basic on routing)
1 - Exec Director

This memorandum contains information for the addressees. Addressees may give this memorandum additional circulation within their components as required. All copies should be **destroyed** not filed, upon completion of circulation. A master file will be kept in the Executive Director's Office and will be available upon request.

MORI/CDF

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THE WHITE HOUSE

WASHINGTON

SECRET December 14, 1962

NATIONAL SECURITY ACTION MEMORANDUM NO. 212

TO: The Secretary of State
The Secretary of Defense
The Administrator, Agency for International Development

SUBJECT: U. S. Policy toward Yugoslavia

Following a discussion of U. S. policy toward Yugoslavia, the President:

1. Indicated that he was prepared to seek an amendment to the Trade Expansion Act to restore most-favored-nation treatment for Yugoslav goods. The Department of State will prepare a memorandum justifying this course of action. This memorandum should be designed to indicate the advantages of securing most-favored-nation treatment as against the possible alternative course of extending additional aid to Yugoslavia.

2. Authorized the Departments of Defense and State to arrange for the sale of spare parts to Yugoslavia to maintain U. S. military equipment already delivered to the Yugoslav Government. The timing of an announcement of such sales should be coordinated with the White House in connection with the effort to restore most-favored-nation treatment.

3. Directed the Departments of State, Defense and AID to study the proposals and recommendations made by Ambassador Kennan in Belgrade's airgram A-543 and prepare for the President's consideration possible courses of action.

McGeorge Bundy

cc: The Director of Central Intelligence

SECRET

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19 December 1962

SUMMARY OF AMBASSADOR KENNAN'S VIEWS ON US POLICY TOWARD YUGOSLAVIA*

Ambassador Kennan notes that US policy toward Yugoslavia after Belgrade's break with the Soviet bloc in 1948 was designed to encourage divisive forces within the bloc and to encourage a liberal, pro-Western domestic evolution in Yugoslavia. It was not designed to lead to the overthrow of the Tito regime.

Kennan concludes that this policy was generally successfully pursued until 1962. Although it did not produce "any great changes in Tito's view of himself as a Communist," Yugoslavia's domestic institutions and foreign policies became significantly different from those "of the real Communist countries." With Tito gradually assuming a less active role in Yugoslav affairs there was even the prospect of a more forthcoming policy toward us.

Kennan next reviews the collapse of US policy brought about by the independent actions of Congress and militant American anti-Communist groups, pointing out that Belgrade can only conclude that it is being punished because it calls itself Communist and not for any particular anti-US actions. Yugoslav officials seem to have drawn the lesson that the price of good relations with the US is renouncing their political past, placing in question the legitimacy of their regime, and denouncing their belief in socialism.

Kennan states that US policy toward Yugoslavia has never enjoyed a broad understanding or commitment outside the working level in the Department of State. It has had powerful enemies, moreover, in right wing American and refugee groups, with their religious and Congressional supporters and spokesmen. In addition, the press has failed to provide adequate coverage of Yugoslavia.

To correct the situation, Kennan advocates recovering freedom of action by the Executive Branch through repeal of recent anti-Yugoslav legislation. Next, an effective policy --he does not specify what--toward Yugoslavia must be reconstructed. Concurrent with both these efforts, a major educational effort must be launched toward the public, the press, the Congress and its staffs, and the various echelons of the Executive branch. Short of this, Kennan believes, we had better "fold our tents" before "the Yugoslavs do it for us."

*US Embassy Belgrade, Airgram A-543, 28 Nov 62, (LOU)

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